

State *Of the* State Survey

*Government in the Medicine
Cabinet: Are Michigianians Ready?*

*by Maureen A. Mickus
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Briefing Paper No. 1999-41

Contributors to the State of the State Survey 1995-99

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Area Agencies on Aging Association of Michigan
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Government in the Medicine Cabinet: Are Michiganians Ready?

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The analyses and interpretations in SOSS Briefing Papers are those of the authors and do not necessarily represent the views of IPPSR or of Michigan State University.

BACKGROUND

Following the 1996 election, high hopes for enacting serious Medicare reform faded and were all but extinguished by the subsequent failure to pass the proposal of the Bipartisan Committee on the Future of Medicare. As the 2000 elections approach, most candidates appear unwilling to propose changes to popular programs. It is unlikely, therefore, that overhauling Medicare will be a priority issue for some time to come. While the addition of a prescription drug benefit to the basic Medicare program may prove to be an exception to this trend, support for such a reform has been divided mostly along political lines.

Overall, the cost of prescription drugs in the U.S. has risen more than 50% since 1989, far outstripping the cost of overall health care expenditures. The average Medicare beneficiary uses four prescriptions daily and fills 18 prescriptions each year. Currently, elderly persons spend an average of 18.6% of their disposable income on medications, compared to only 8% for persons under age 65.

Critics maintain that adding a drug benefit would further cripple the fragile financing of the Medicare program, particularly for the next 20 years. Furthermore, they point out, an estimated 65% of individuals already have some type of coverage through an employer or through Medicaid, resulting in duplicate coverage.

This briefing paper reports on the public stance of Michigan residents regarding several key approaches to Medicare reform, with particular focus on responses regarding their approval and willingness to finance a prescription drug benefit.

THE SURVEY

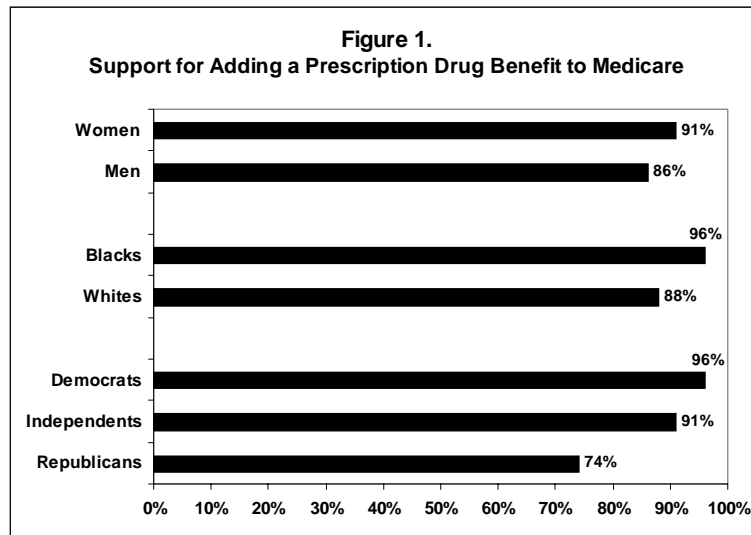
A telephone survey of 1,408 adult Michigan residents was conducted by MSU's Institute for Public Policy and Social Research between July 8 and August 31, 1999. This study—the 18th quarterly MSU State of the State Survey—focused on health care issues. Of the 1,408 completed interviews, 458 were conducted with previous SOSS respondents aged 50 and older who agreed to participate in future surveys. The overall sampling error is 2.6%.

The sample was designed to provide representative information for Michigan residents from major regions of the state: Central Michigan (West and East), Detroit City, northern Lower Michigan, Southeast Michigan, Southwest Michigan, and the Upper Peninsula. The data reported here are weighted to be representative of Michigan's adult population.

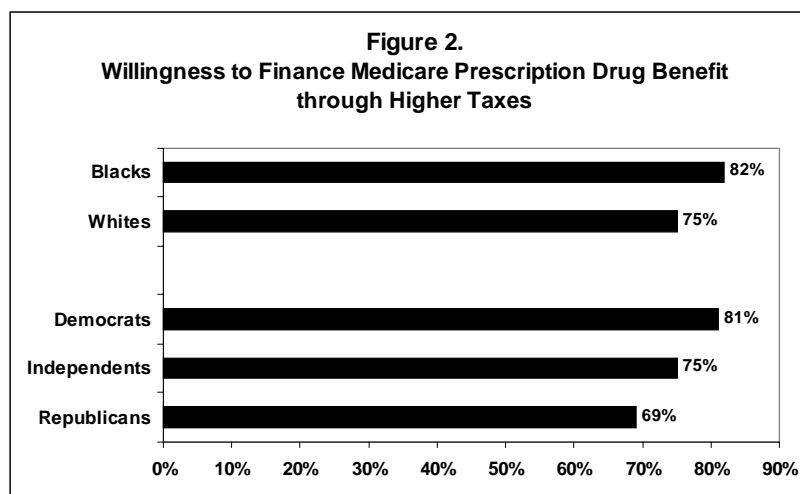
KEY FINDINGS

Prescription Drug Benefit

- **There was nearly unanimous approval (89%) among Michigan citizens for adding a prescription drug benefit to the Medicare program.** This support did not differ by age or income, but did differ according to race, gender, and, most strongly, by political affiliation. As seen in Figure 1, women, blacks, and Democrats were significantly more likely to approve of the addition of the drug benefit.

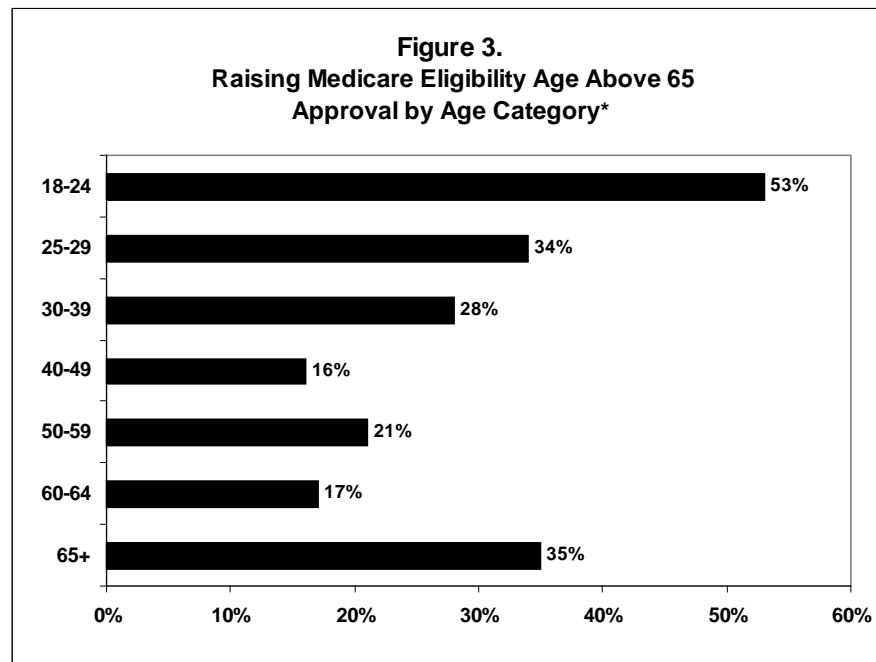


- **Public support for financing the drug benefit via higher taxes was high.** Three-fourths (76%) of the Michigan populace was willing to pay increased taxes to finance a Medicare drug benefit. Again, this support was not distinguished by the respondents' age, but rather by race and political party (Figure 2).



Maintaining Medicare Solvency

- **Raising the eligibility age above 65 was not a popular solution among Michigan residents.** Most Michiganians either somewhat disagreed (23%) or strongly disagreed (48%) with increasing the eligibility age for Medicare. Public approval for this approach appeared as a bell-shaped curve with the strongest support from young adults, followed by older adults. Middle-aged respondents (aged 40-64) were the least approving (Figure 3).



- **Most individuals (63%) believed that out-of-pocket costs paid by Medicare beneficiaries should remain the same, but this view varied by age, gender, and income.** Support for maintaining the current level of contributions was most strongly expressed by beneficiaries themselves. Nearly three-quarters (73%) of respondents over age 65 wanted no change in out-of-pocket costs. Female respondents were significantly more likely than males to prefer decreasing these costs (29% vs. 18%), as were persons with annual per capita incomes between \$5,000 and \$15,000 (28%).
- **The number of respondents who preferred maintaining benefits at their current level did not change over the past three years.** However, the number of respondents who currently believe out-of-pocket contributions for Medicare beneficiaries should decrease more than doubled (24% in 1999 vs. 11% in 1996), comparing these results with an earlier State of the State Survey regarding Medicare out-of-pocket costs. Conversely, in 1996, more individuals approved of an increase (23% in 1996 vs. 13% in 1999).

Conclusions

Little evidence was found to support the most prominent cost-saving reforms proposed for the Medicare program. Not only did the overwhelming majority support adding this benefit, but a sizable proportion appeared willing to help finance the increased costs through higher taxes. Although this willingness varied quite sharply and predictably along political lines, a clear enough majority still exists among all groups to suggest successful passage of this legislation.

Aside from the prescription drug benefit, little evidence supported more prominent cost-saving reforms to the Medicare program. Raising the eligibility age or changing out-of-pocket contributions tended to evoke clear self-interests, with persons ages 40-64 not willing to delay retirement, and Medicare beneficiaries remaining most interested in keeping out-of-pocket contributions at current levels. These interests prevail despite media attention to and widespread concern over keeping the Medicare program financially solvent. Overall, prospects for these particular reform efforts look dim. Interestingly, however, the trend since 1996 seems to have shifted toward a greater interest in reducing beneficiary contributions. This shift is evident among beneficiaries and other age groups. At least in part, this may be due to a greater sense of entitlement resulting from steady improvements in the economy during the past three years.

SURVEY QUESTIONS

The questions regarding the views of Michigan residents on Medicare reform, focusing specifically on their willingness to finance a prescription drug benefit, are listed below, in their entirety, in the order in which they were discussed. Numbers in brackets are the actual question numbers that appear on the survey instrument.

Q. 1. To help save the Medicare program from bankruptcy, the federal government should raise the age of eligibility for Medicare above 65 years. To what extent do you agree or disagree with this statement? [MC1]

Q. 2. In your opinion, should the out-of-pocket costs of Medicare (that is costs that people are responsible for themselves) for those who are covered be increased, decreased, or stay about the same? [MC3]

Q. 3. Medicare does not cover prescription drugs and many elderly people, even those with supplementary (Medigap) health insurance coverage, do not have insurance coverage for prescription drugs.

President Clinton has proposed an expansion of Medicare coverage to include prescription drugs.

Do you think that Medicare coverage should be expanded to include prescription drugs? [MC6]

Q. 4. Would you be willing to pay higher taxes so that all elderly people would have prescription drug coverage under Medicare? [MC6a]

REGIONAL CATEGORIES

NOTE: This survey was conducted using regions established by the Michigan State University Extension Service, with one exception: Detroit City is treated as a separate region.

Detroit:	City of Detroit
East Central:	Arenac, Bay, Clare, Clinton, Gladwin, Gratiot, Huron, Isabella, Midland, Saginaw, Sanilac, Shiawassee, Tuscola
Northern L.P.:	Alcona, Alpena, Antrim, Benzie, Charlevoix, Cheboygan, Crawford, Emmet, Grand Traverse, Iosco, Kalkaska, Leelanau, Missaukee, Montmorency, Ogemaw, Otsego, Oscoda, Presque Isle, Roscommon, Wexford
Southeast:	Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne (excluding Detroit)
Southwest:	Berrien, Branch, Calhoun, Cass, Eaton, Hillsdale, Ingham, Jackson, Kalamazoo, St. Joseph, Van Buren
U.P.:	Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, Schoolcraft
West Central:	Allegan, Barry, Ionia, Kent, Lake, Manistee, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, Ottawa

BACKGROUND INFORMATION

Michigan State University
State of the State Survey
[MSU SOSS]

What Is MSU SOSS?

The MSU State of the State Survey is a quarterly statewide survey of a random sample of the residents of Michigan. Although dozens of surveys are conducted in Michigan every year, no other is designed to provide a regular systematic monitoring of the public mood in major regions of the state. Through SOSS, MSU aims to fill this information gap. SOSS has five main purposes: (1) to provide timely information about citizen opinions on critical issues; (2) to provide data for scientific and policy research by MSU faculty; (3) to provide information for programs and offices at MSU; (4) to develop survey research methodology; and (5) to provide opportunities for student training and research.

Each quarterly round or “wave” of SOSS has a different main theme: (a) Winter–quality of life, governmental reform, higher education; (b) Spring–family, women, and children; (c) Summer–ethnic and racial groups, Michigan communities; (d) Fall (even numbered years)–politics, the election, and political issues; (odd-numbered years)–health and the environment.

Who Conducts SOSS?

The State of the State Survey is administered by the Survey Research Division (SRD) of the Institute for Public Policy and Social Research (IPPSR), using its computer-assisted telephone interviewing (CATI) technology.

The Director of SOSS is Dr. Brian D. Silver, Professor of Political Science. The questionnaire for each wave of SOSS is developed by a Working Group, most of whom also serve as principal investigators or analysts for that wave. The Working Group for the Summer 1999 survey was comprised of:

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